

# दिल्ली विश्वविद्यालय UNIVERSITY OF DELHI

Bachelor of Commerce (Honours)

B. Com. (Hons.)

(Effective from Academic Year 2022-23)



## Personal Financial Planning

### BCH: SEC- 2.2

**Objective:** The course aims to familiarize learners with different aspects of personal financial planning like savings, investment, taxation, insurance, and retirement planning and to develop the necessary knowledge and skills for effective financial planning.

**Learning Outcomes:** After completion of the course, learners will be able to:

1. understand the meaning and appreciate the relevance of financial planning.
2. understand the concept of investment planning and its methods.
3. examine the scope and ways of personal tax planning.
4. analyse insurance planning and its relevance.
5. develop insight into retirement planning and its relevance.

#### Course Contents:

Unit	Unit wise weightage of marks (in %)	C&K*	A&A**
<b>Unit 1: Introduction to Financial Planning</b>	20	√	√
<b>Unit 2: Investment Planning</b>	20	√	√
<b>Unit 3: Personal Tax Planning</b>	20	√	√
<b>Unit 4: Insurance Planning</b>	20	√	√
<b>Unit 5: Retirement Benefits Planning</b>	20	√	√

\*C&K- Comprehension & Knowledge

\*\*A&A – Analysis & Application

#### **Unit 1: Introduction to Financial Planning:**

Financial goals, steps in financial planning, budgeting incomes and payments, time value of money. Introduction to savings, benefits of savings, management of spending & financial discipline, Setting alerts and maintaining sufficient funds for fixed commitments.

#### **Unit 2: Investment Planning:**

Process and objectives of investment, concept and measurement of return & risk for various asset classes, measurement of portfolio risk and return, diversification & portfolio formation. Gold bond; Real estate; Investment in greenfield and brownfield Projects; Investment in fixed income instruments, financial derivatives & commodity market in India. Mutual fund schemes; International investment avenues. Currency derivatives and digital currency.

**Unit 3: Personal Tax Planning:**

Tax structure in India for personal taxation, Scope of personal tax planning, exemptions and deductions available to individuals under different heads of income and gross total income. Comparison of benefits - Special provision u/s 115 BAC vis-à-vis General provisions of the Income-tax Act, 1961, tax avoidance versus tax evasion.

**Unit 4: Insurance Planning:**

Need for insurance. Life insurance, health insurance, property insurance, credit life insurance and professional liability insurance.

**Unit 5: Retirement Benefits Planning:**

Retirement planning goals, process of retirement planning, Pension plans available in India, Reverse mortgage, Estate planning.

**Practical Exercises:**

The learners are required to:

1. perform electronic fund transfers through net banking and UPI.
2. identify certain recent Ponzi schemes in the market.
3. prepare tax planning for a hypothetical individual.

**Suggested Readings:**

- Halan, M. "Let's Talk Money: You've Worked Hard for It, Now Make It Work for You" Harper Collins Publishers, New York.
- Indian Institute of Banking & Finance. "Introduction to Financial Planning" Taxmann Publication, New Delhi.
- Keown A.J. "Personal Finance" Pearson, New York.
- Madura, J. "Personal Finance", Pearson
- Pandit, A. "The Only Financial Planning Book that You Will Ever Need" Network 18 Publications Ltd., Mumbai.
- Sinha, M. "Financial Planning: A Ready Reckoner" McGraw Hill Education, New York.
- Tripathi, V. "Fundamentals of Investment" Taxmann Publication, New Delhi.

**Note: Learners are advised to use the latest edition of readings.**

**Assessment Method:**

1. There shall be 2 credit hours for lectures.
2. Theory exam shall carry 100 marks (including Internal Assessment of 25 Marks). The theory exam will be for 3 hours.

## VAC 1: FINANCIAL LITERACY

### Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/ Practice		
Financial Literacy	02	1	0	1	Pass in Class 12 <sup>th</sup>	NIL

### Learning Objectives

The Learning Objectives of this course are as follows:

- Familiarity with different aspects of financial literacy such as savings, investment, taxation, and insurance
- Understand the relevance and process of financial planning
- Promote financial well-being

### Learning outcomes

The Learning Outcomes of this course are as follows:

- Develop proficiency for personal and family financial planning
- Apply the concept of investment planning
- Ability to analyse banking and insurance products
- Personal tax planning

### SYLLABUS OF FINANCIAL LITERACY

#### **UNIT – I Financial Planning and Financial Products (3 Weeks)**

- Introduction to Saving
- Time value of money
- Management of spending and financial discipline

#### **UNIT – II Banking and Digital Payment (4 Weeks)**

- Banking products and services

- Digitisation of financial transactions: Debit Cards (ATM Cards) and Credit Cards., Net banking and UPI, digital wallets
- Security and precautions against Ponzi schemes and online frauds

**UNIT – III Investment Planning and Management (4 Weeks)**

- Investment opportunity and financial products
- Insurance Planning: Life and non-life including medical insurance schemes

**UNIT – IV Personal Tax (4 Weeks)**

- Introduction to basic Tax Structure in India for personal taxation
- Aspects of Personal tax planning
- Exemptions and deductions for individuals
- e-filing

*Note:* Some of the theoretical concepts would be dealt with during practice hours.

**Practical component (if any) – (15 Weeks)**

- Regular class activities to enhance students' understanding of topics and the application of concepts. The case study method may be followed as a teaching pedagogy.
- Numerical questions pertaining to each unit wherever applicable should be practiced.
- For the second unit, students may be assigned a project wherein they can log on to the website of various banks and conduct an in-depth analysis and comparison of various financial products offered.
- For Unit III, a Project related to building a dummy portfolio of stocks and tracking their returns may be given.
- An investment budget may be given to the students to select investment options that maximize the return and minimize the tax implications.
- For the last unit, students may also file a dummy IT return to get hands-on experience with e-filing.
- Students may conduct a financial literacy survey among at least 25 respondents to measure the level of financial literacy and share the findings in the awareness in the form of a report.
- Any other Practical/Practice as decided from time to time

**Essential/recommended readings**

- Introduction to Financial Planning (4th Edition 2017) – Indian Institute of Banking

& Finance.

- Sinha, Madhu. Financial Planning: A Ready Reckoner July 2017, McGraw Hill.

**Suggested readings**

- Halan, Monika, Lets Talk Money: You've Worked Hard for It, Now Make It Work for You, July 2018 Harper Business.
- Pandit, Amar The Only Financial Planning Book that You Will Ever Need , Network 18 Publications Ltd.

**Examination scheme and mode: Subject to directions from the Examination Branch/University of Delhi from time to time**